

**REPORT OF THE AUDIT OF THE
BULLITT COUNTY
SHERIFF**

**For The Year Ended
December 31, 2009**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BULLITT COUNTY SHERIFF

**For The Year Ended
December 31, 2009**

The Auditor of Public Accounts has completed the Bullitt County Sheriff's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$67,717 from the prior year, resulting in excess fees of \$80,727 as of December 31, 2009. Revenues increased by \$217,372 from the prior year and expenditures increased by \$149,655.

Lease Agreements:

Lease agreements totaled \$104,600 as of December 31, 2009.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Melanie Roberts, Bullitt County Judge/Executive
The Honorable Donnie Tinnell, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Bullitt County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2010 on our consideration of the Bullitt County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Melanie Roberts, Bullitt County Judge/Executive
The Honorable Donnie Tinnell, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Bullitt County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

June 2, 2010

BULLITT COUNTY
DONNIE TINNELL, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

Federal Grants

Federal Emergency Management Agency (FEMA)	\$ 35,547		
ARRA - Edward Byrne Memorial Justice Assistance Grant	19,044		\$ 54,591

State Grant			7,144
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State - Kentucky Law Enforcement Foundation Program Fund			131,743
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State Fees For Services:

Finance and Administration Cabinet	49,563		
Transport Prisoners	24,337		
Sheriff Security Service	97,513		171,413

Fiscal Court			610,011
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Circuit Clerk - Restitution			1,727
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County Clerk - Delinquent Taxes			89,823
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Commission On Taxes Collected			1,341,921
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Fees Collected For Services:

Fees Collected for Services	242		
Auto Inspections	16,655		
Accident and Police Reports	5,344		
Serving Papers	182,305		
Carrying Concealed Deadly Weapon Permits	23,235		227,781

Other:

Add-On Fees	159,115		
Fingerprints	1,090		
Equitable Sharing/LMPD	2,544		
Reimbursements	7,324		
Impoundment Fee	2,845		
Miscellaneous	40,388		213,306

Interest Earned			54,007
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The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
DONNIE TINNELL, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2009
(Continued)

Revenues (Continued)

Borrowed Money:

State Advancement	\$ 513,796
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Total Revenues	3,417,263
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Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 1,817,052
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Employee Benefits-

Employer's Share Social Security	130,190
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Employer Paid Health Insurance	140,222
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Contracted Services-

Advertising	8,119
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Vehicle Maintenance and Repairs	54,514
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Materials and Supplies-

Office Materials and Supplies	26,310
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Telephone	11,571
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Uniforms	28,783
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Auto Expense-

Gasoline	103,285
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Mileage	413
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Other Charges-

Dues	1,863
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Postage	20,044
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Insurance	4,078
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Juror Expense	1,078
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School/Lodging	10,714
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Transport Prisoners	21,911
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Miscellaneous	2,760
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Capital Outlay-

Office Equipment	64,082
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Patrol Equipment	96,386
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Equipment Rental	14,400
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Vehicles	170,590	\$ 2,728,365
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The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
 DONNIE TINNELL, SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Expenditures (Continued)

Debt Service:

State Advancement	<u>\$ 513,796</u>
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Total Expenditures	<u>\$ 3,242,161</u>
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Net Revenues	175,102
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Less: Statutory Maximum	<u>91,729</u>
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Excess Fees	83,373
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Less: Training Incentive Benefit	<u>2,646</u>
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Excess Fees Due County for 2009	80,727
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Payments to Fiscal Court - February 23, 2010	<u>60,519</u>
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Balance Due Fiscal Court at Completion of Audit	<u><u>\$ 20,208</u></u>
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BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2009
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months of the year.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent for the first six months and 32.97 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Bullitt County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

BULLITT COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2009
 (Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Bullitt County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Leases

The Sheriff pays \$3,600 a quarter to lease a building for storage of law enforcement equipment.

The Sheriff's office was committed to the following lease agreements as of December 31, 2009:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 2009
Software	\$ 2,000	108 months	4/10/11	\$ 32,000
Hardware	2,200	36 months	9/1/12	72,600
			Total	<u>\$ 104,600</u>

Note 5. DARE Account

The Sheriff maintains an account for the deposit of donations to be used for drug abuse resistance education activities. The balance on January 1, 2009 was \$1,432. Receipts totaled \$3,534 and disbursements were \$2,881 during 2009. The balance on December 31, 2009 was \$2,085.

Note 6. Drug Confiscated Property Account

The Sheriff maintains an account for the deposit and disbursement of funds received as a result of property confiscated during drug-related law enforcement activities. The balance on January 1, 2009 was \$10,219. Receipts totaled \$5,330 and there were no disbursements during 2009. The balance on December 31, 2009 was \$15,549.

Note 7. Credit Card Account

The Sheriff maintains an account for credit card payments to the Sheriff's office. The balance on January 1, 2009 was \$26,604. Receipts totaled \$125,829 and disbursements were \$152,433 (including \$24,837 that was transferred to the Fee Account to be remitted as excess fees) during 2009. The balance on December 31, 2009 was \$0.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2009
(Continued)

Note 8. Employee Flower Account

The Sheriff maintains an account to send flowers, etc. to employees when they are seriously ill or when there has been a death in the family. The balance on January 1, 2009 was \$695. Receipts totaled \$865 and disbursements were \$547 during 2009. The balance on December 31, 2009 was \$1,013.

Note 9. Federal Grants

The Sheriff received reimbursement from FEMA for expenditures incurred due to the wind storm in September 2008 and the ice storm in January 2009. Also the Sheriff received Recovery Act JAG funds which were used to purchase a new police cruiser.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Melanie Roberts, Bullitt County Judge/Executive
The Honorable Donnie Tinnell, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Bullitt County Sheriff for the year ended December 31, 2009, and have issued our report thereon dated June 2, 2010. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bullitt County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Bullitt County Sheriff's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Bullitt County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

June 2, 2010

